

EASTERN REGIONAL LANDFILL, INC.

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



COUNTY OF PLACER

OFFICE OF AUDITOR-CONTROLLER

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Mr. Ken Grehm, Interim Director
Department of Facility Services, County of Placer
c/o: Placer County Public Works Department
3091 County Center Drive, Suite 220
Auburn, CA 95603

We have performed the procedures enumerated below, which were agreed to by the Department of Facility Services (County), solely to assist you in ensuring the contractual requirements with respect to the agreement between the County and Eastern Regional Landfill, Inc. (ERL) for the fiscal year ended June 30, 2014 were being followed. ERL's management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the agreed-upon procedures at your direction as set forth in Attachment A.

Attachment B identifies the findings noted as a result of the procedures performed.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion, as to the appropriateness of the results summarized at Attachment B. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the County and is not intended to be and should not be used by anyone other than this specified party.

Nicole C. Howard, CPA
Assistant Auditor-Controller

COUNTY OF PLACER
May 4, 2015

Attachment A – Agreed-Upon Procedures

1. Meet with management and staff of the Department of Facility Services to discuss issues and concerns related to the collection and remittance process at Eastern Regional Materials Recovery Facility.
2. Review existing contractual agreement with Eastern Regional Landfill, Inc. (ERL), applicable gate fee schedule and any additional pertinent information regarding the landfill operation.
3. At the Eastern Regional Materials Recovery Facility, interview appropriate management and accounting staff. Evaluate and document the current internal controls and accounting system in place, the safeguarding of cash transactions and compliance with generally accepted accounting principles.
4. Review financial recordkeeping practices, including billing and collection system, ticket transactions, incoming and outgoing materials, franchise fee calculation, daily reconciliation of scale house transactions, bad debts, markups and voided transactions.
5. Evaluate measures to prevent Materials Recovery Facility customers, including Tahoe Truckee Sierra Disposal (TTSD) collection vehicles, from bringing loads of refuse into the facility without being recorded or charged. If necessary, review videotapes or count vehicles entering the facility and compare to actual records for that day.
6. Determine if the scales are certified and how often they are calibrated.
7. Based on available data, randomly sample and analyze 40 transactions of customer billings (Area 2, Area 3 and special items, like debris boxes) to verify collection of customer billing to monthly financial summary report to ensure amount remitted to the County is accurate.
8. Based on available data, randomly sample and analyze 40 transactions of the key haulers at ERL for the time period July 1, 2013 through June 30, 2014. Then, validate the transactions to monthly financial summary report to ensure the amount remitted to the County is accurate.
9. Follow-up on whether prior recommendations have been implemented.
10. Evaluate the effectiveness, accuracy, and efficiency of the new Wasteworks System.
11. Document findings and recommendations from the above analysis and discuss with appropriate County management. Finalize agreed-upon procedures report after discussion with County management.

Attachment B – Findings and Recommendations

Mail-In Payments

Our prior audit recommendation for mail-in payments was not implemented. We noted mail-in payments are still being opened by only one staff member, who then runs an adding machine tape and forwards the whole batch to another clerk for posting to the accounting system.

Our recommendation still stands. We recommend that two people open the mail. At the very least, the person opening the mail should log all incoming payments to a daily log. The total from the daily log should be periodically reconciled to the amounts posted to the accounting system.

As observed during all aspects of this engagement, ERL employees provide a high level of customer service. By providing exemplary customer service, ERL will continue to retain existing customers, add new consumers, and in the long-term, provide more financial stability to ERL and the County in the future. We appreciate the courtesy and cooperation extended to us during this engagement.